



REPLY TO
ATTENTION OF

DEPARTMENT OF THE ARMY
WIESBADEN CONTRACTING CENTER
US ARMY CONTRACTING COMMAND EUROPE
APO AE 09096

SFCA-EC-C-C

9 May 2005

MEMORANDUM FOR

COMMANDER, Special Operations Command – Europe, ATTN: J4
COMMANDER, US Army Contracting Command – Europe, ATTN: S3
COMMANDER, Wiesbaden Contracting Center

SUBJECT: Contracting Support After Action Review, Layman Teacher 05, Romania

1. Summary. Layman Teacher 05 was a training exercise conducted in Romania by SOCEUR. The SOCEUR J4 office did a superior job preparing the cost estimate, statement of requirements, and conducting market research. Their lack of knowledge of ACSA, however, resulted in unexpected charges by the host nation. Future exercise planning should include a contracting representative at the ESA conferences to advise the J4 on contracting and ACSA issues. The Government-wide Commercial Purchase Card was problematic due to controls within US Bank and Romania. USACCE should review its internal procedures and deploying contracting officers should do more to verify their cards' utility before deployments. Detailed recommendations follow.

2. Issue. Government Purchase Card Merchant Code Restrictions – Widest Possible Latitude Must be Granted to Contingency Contracting Officers.

Discussion. Use of the GPC card by contingency contracting officers is encouraged as the easiest payment method. Where accepted, it does offer nearly the same speed of vendor payment as cash without the security, weapons, and additional personnel requirements. However, if the contracting officers' cards have merchant code restrictions, it results in lost utility, lost convenience, and lost credibility in the eyes of the vendor when large-dollar transactions are rejected. During Layman Teacher, a payment for aircraft handling services and warehousing was rejected due to lack of a proper merchant code being loaded on the contracting officer's GPC card. Critical hours were lost during a contracting mission with a compressed schedule while this problem was resolved with the AOPC, US Bank, and the vendor, and while an alternate payment was arranged as a back up. If the payment had been attempted on a weekend or holiday, when the AOPC was not available to add the merchant code to the account, payment could have been impossible for several days. The AOPC, Joy Englemann, provided superior, timely support. She noted that she had placed the correct codes for the card in the system previously, but that US Bank had changed them.

Use of merchant code restrictions on contingency GPC cards is not a viable option. The protections merchant codes provide are not meant for contracting officers – rather – they are more appropriate for \$2500 cards. In developing nations, the novelty store may well be the shop providing the memorabilia for official representation purchases. For Layman Teacher, a travel agency provided most of the logistical support and accepts GPC. There is no limit to the unusual vendor arrangements that come about in contingency environments. To fetter contingency contracting officers GPC cards with merchant codes limits the effectiveness of our support to the warfighter.

Recommendations. 1) Determine what merchant code or codes (000?) enable a GPC card to have the widest possible purchasing freedom, and apply these to all contingency GPC cards. 2) Have the APOC periodically check the merchant codes on the deploying cardholders' accounts and correct if US

Bank makes changes. 3) Deploying cardholders must verify that their account is active and confirm that the merchant codes entered provide wide latitude.

3. Issue. Government Purchase Card Purchase Limitations in "High Risk" Countries do not Match the Single Purchase Limit.

Discussion. An \$81,000 payment for rental of vehicles using the GPC card in Romania was extremely problematic, initially rejected. Romania has been identified by the US Bank as a "High Risk" nation. Any transaction over \$25,000 must be pre-cleared by the AOPC before US Bank will release the funds. The cardholder must contact the AOPC with the name of the vendor and the transaction amount prior to paying. The AOPC must then note this information into the electronic system by inserting a comment, and then when the transaction is processed, this comment will be checked and the payment released. Deploying contracting officers should be made aware before departing if they are traveling to a High Risk nation to avoid surprises. Transactions should not be split to avoid this restriction. Multiple charges under the limit that exceed \$25,000 in total will also be flagged and refused.

There is an additional limitation in Romania. The bank *RomCard* processes all VISA transactions in Romania. *RomCard* is unfamiliar with the Government-wide Commercial Purchase card, and required verification in writing – via fax – from US Bank before *RomCard* would process the transaction. US Bank's verbal authorization (based on the comment inserted by the AOPC) was not sufficient proof to *RomCard* that the transaction was authorized. US Bank was initially unwilling to work with *RomCard*, saying it was *RomCard's* responsibility not US Bank's, but only after pleas from the vendor did US Bank send a verification fax to *RomCard*.

Recommendations. 1) The AOPCs for contingency GPC cards should contact US Bank and determine which nations world wide have levels of risk and purchase amount restrictions placed on them, determine the maximum purchase amounts authorized without pre-clearance, and determine what procedures are necessary to overcome these restrictions. This data should be tabulated and distributed to contingency contracting officers. 2) Deploying contracting officers should always check with US Bank and the AOPC prior to departure to determine if the location is High Risk. 3) When a contracting officer deploys to a high-risk nation, the APOC should provide a home phone number to the CCO and be on call on weekends/holidays to be able to authorize transactions if necessary. Likewise, CCOs should attempt to schedule payments during regular business hours Central European Time.

4. Issue. Funding should be Consolidated at the Exercise Level Prior to the Exercise.

Discussion. Four different organizations participated in Layman Teacher including elements from the Navy and Air Force. Each element sent a separate PR&C/MIPR for their portion of the exercise to the contracting officer. All the funding documents were late and contracts had to be awarded subject to availability of funds to meet the acquisition and exercise timelines. Tracking and allocating charges against the units' funding documents added additional complexity to the contracts and increased risk of anti-deficiencies. An excellent and accurate Independent Government Estimate had been provided to the units that allowed for accurate funding.

Recommendation. For future joint exercises, participating units should MIPR funds to SOCEUR based on the IGE/market research well prior to the exercise. SCOUER resource management can then issue a single bulk-funded PR&C for the exercise to ensure adequate funding of all contracts. A single PR&C also reduces the risk that different participating units may procure different levels of support, resulting in the appearance of imbalances in the contracting support provided. Costs are apportioned based on unit participation levels. At the conclusion of the exercise after all payments have been made, the SOCEUR RM returns excess funds on the MIPRs to the participating units.

5. Issue. Lack of Contracting Participation in the Exercise Support Agreement Negotiations Negatively Impacted the Exercise and Resulted in Unexpected Host Nation Charges.

Discussion. At the close of the exercise, the Romanian military presented invoices for water, sewage, trash, electricity, heating oil, and vehicle usage to support the exercise totaling approximately \$16,000 for three separate facilities used by US forces. \$5000 of this bill was offset by an equal value exchange of utilities for repairs necessary for US use. The Romanians documented their costs incurred well, providing meter readings and fuel consumption data. The ESA included language stating that any Romanian costs incurred would be compensated for under existing agreements. Other than the Acquisition and Cross Servicing Agreement and Implementation Agreement, which establish a framework for compensation, no other agreements were reached, and no discussion of payment for utilities, etc., took place during the ESA conferences. No contracting personnel were included in the ESA conferences. Additionally, the Romanian military officials were adamant from the beginning that use of the ACSA was not possible because of funding peculiarities within their fiscal system that prevented the unit providing the services from being repaid by their Government. At the end of the exercise, however, when the bills were due, the Romanian Land and Air Forces accepted payment for their expenses in cash or replacement in kind under the ACSA, because ACSA is the only means available to Contracting Command to compensate a sovereign nation.

Recommendations. 1) Conduct additional training with the Romanian Ministry of Defense on ACSA and the ACSA process prior to ROMEX 05. 2) Ensure an ACSA-knowledgeable contracting representative attends at least the initial and final planning conferences to ensure that issues such as utilities and host nation expenses are properly addressed and necessary commitments are made under the ACSA. 3) Always assume that less developed nations do not have the funds to provide typical levels of support without serious budgetary impacts. Be prepared to pay the host nation for any expense incurred.

6. Excellent use of Field Ordering Officers/Class A Agents.

Discussion. The use of Field Ordering Officers and Class A Agents for Layman Teacher was especially successful. FOOs/Class As paid for damages incurred and small purchases using their own unit funds drawn prior to deployment. This increased the amount of time available to the contracting officer to focus effort on the larger contracts and problems with the host nation. The Class A Agents also served as the pay agent for the contracting officer, eliminating the need for a finance team.

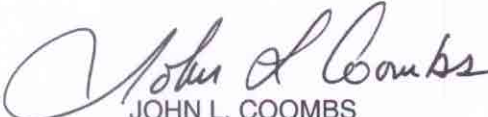
Recommendation. Retain use of FOO/Class A agents for future exercises.

7. Superior Statement of Requirements, Market Research, and IGE Provided by SOCEUR.

Discussion. SOCEUR provided a superior independent government estimate for the exercise, conducted excellent market research and identified useful sources of supply, and provided a clear statement of requirements to base contracts upon. This effort permitted the contracting officer to take positive action on short notice and successfully contract for the exercise. The late inclusion of the contracting officer, as mentioned above, did result in a void concerning ACSA as noted above, but overall the support and preparation were superior. Especially useful was the cost allocation breakout of the IGE based on service provided and unit participation in spreadsheet format.

Recommendation. Continue to use the IGE spreadsheet for future joint exercises to allocate costs.

8. POC is the undersigned at DSN 336-2166 or john-coombs@us.army.mil.


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